





Message from the OMWI Director

I am pleased to submit the 2018 Federal Housing Finance Agency's (FHFA or Agency) Office of Minority and Women Inclusion (OMWI) Annual Report to Congress. It covers the 2018 calendar year and fulfills FHFA's reporting obligation under Section 342(e) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. It also addresses our statutory diversity and inclusion responsibilities under the Housing and Economic Recovery Act of 2008 (HERA). The report highlights meaningful strides made by the Agency to ensure that the values of diversity and inclusion are manifested in FHFA's workforce, workplace, and procurement practices. In addition, it summarizes the Agency's supervision and examination activities that allow us to effectively supervise our regulated entities' diversity and inclusion obligations under HERA.

FHFA places a high priority on fostering a diverse and inclusive workplace where employees are respected, treated fairly, and given equal opportunities to perform to their fullest potential. OMWI has a vital and integral role in supporting the Agency's mission to ensure financial safety and soundness in a multi-trillion dollar national housing finance industry. Our employees understand that our diverse experiences, styles, approaches, and ideas allow us to arrive at the best practices and solutions to support the nation's housing finance system and serve the public interest.

Sharron P. A. Levine OMWI Director



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A. Introduction

The Federal Housing Finance Agency (FHFA or Agency) was created as an independent agency by the Housing and Economic Recovery Act of 2008¹ (HERA) to regulate and supervise the Federal National Mortgage Association (Fannie Mae), the Federal Home Loan Mortgage Corporation (Freddie Mac) (together, "Enterprises"), and the Federal Home Loan Bank System, which includes 11 Federal Home Loan Banks (FHLBanks) and its fiscal agent, the Office of Finance. The Agency's mission is to ensure that Fannie Mae, Freddie Mac, and the FHLBanks (collectively, the regulated entities) operate in a safe and sound manner so that they serve as a reliable source of liquidity and funding for housing finance and community investment. Since 2008, FHFA also has served as the conservator of Fannie Mae and Freddie Mac. FHFA's functions are carried out by nine Divisions and Offices at its headquarters in Washington, D.C.

On January 21, 2011, FHFA established its Office of Minority and Women Inclusion (OMWI) to comply with section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank Act).² OMWI is responsible for leading the Agency's efforts to advance diversity and inclusion, by developing and implementing standards for:

- Equal employment opportunity (EEO) and the racial, ethnic, and gender diversity of the Agency's workforce, including senior management;
- Increased participation of minority- and women-owned businesses (MWOBs) in Agency programs and contracts, and standards for coordinating technical assistance to such businesses; and
- Assessing the diversity policies and practices of the regulated entities.³

OMWI is divided into four branches: Diversity and Inclusion Policy, Supervision and Examination, EEO Services, and OMWI Operations. The staff of 19 consists of the OMWI Director, together with Diversity and Inclusion Specialists; Financial Examiners; Policy, Data, and Management Analysts, and EEO Specialists.

The Diversity and Inclusion Policy branch collaborates with other Agency functions to implement diversity and inclusion strategic goals and objectives that promote workforce and supplier diversity at FHFA through the Agency's Minority and Women Outreach Program. The Policy branch also provides regulatory oversight of the regulated entities' diversity and inclusion programs.

The Supervision branch is responsible for the supervision and examination of the regulated entities' diversity and inclusion programs.

³ See 12 U.S.C. § 5452(b)(2).



¹ See 12 U.S.C. § 4501 et seq.

² See 12 U.S.C. § 5452.

EEO Services implements FHFA's EEO Program, which includes FHFA's policies concerning EEO law and workplace harassment. Its functions also include EEO counseling, alternative dispute resolution, complaint processing, harassment prevention, analysis and guidance, compliance reporting, and training.

OMWI Operations provides administrative support, data analytics, and budgetary analysis for OMWI.

FHFA is among eight federal financial agencies that the Dodd-Frank Act requires to submit an annual report to Congress containing the following information:

- a statement of the total amounts paid by the Agency to contractors since the previous report;
- the percentage of the amounts paid to MWOB contractors;
- the successes achieved and challenges faced by the Agency in operating minority and women outreach programs;
- the challenges the Agency may face in hiring qualified minority and women employees and contracting with qualified MWOBs; and
- any other information, findings, conclusions, and recommendations for legislative or Agency action, as the OMWI Director determines appropriate.⁴

OMWI manages the time, resources, and energy of its small staff by adhering to its strategic priorities. In 2018, the Agency released its second <u>OMWI Strategic Plan for FY 2019 – FY 2021</u>, the guiding framework for OMWI to execute goals and objectives that align with FHFA's overall Strategic Plan and meet statutory diversity and inclusion requirements. The plan builds on the previous FY 2016 – FY 2018 OMWI strategic goals while maintaining the same vision, mission, and values. The new plan, informed by the last three years of Agency diversity and inclusion programs and activities, lays out the following three specific goals:

- Goal 1: Strengthen the Understanding of Diversity, Inclusion, and Equal Opportunity to Drive Cultural Awareness.
- Goal 2: Deliver Meaningful Diversity and Inclusion Communication.
- Goal 3: Ensure OMWI Organizational Sustainability.

⁴ See 12 U.S.C. § 5452(e) and (g). The seven other federal financial agencies include: Departmental Offices of the Department of the Treasury (Treasury); the Federal Deposit Insurance Corporation (FDIC); the Board of Governors of the Federal Reserve System and each Federal Reserve Bank; the National Credit Union Administration (NCUA); the Office of the Comptroller of the Currency (OCC); the Securities and Exchange Commission (SEC); and the Bureau of Consumer Financial Protection (CFPB).



B. FHFA Workforce Diversity and Inclusion

OMWI is responsible for the Agency's Minority and Women Outreach Program,⁵ which promotes EEO and diversity and inclusion within the Agency's workforce and contracting. This section provides information on the Agency's workforce, as well as its related diversity and inclusion strategies, successes, and challenges.

FHFA's workforce consists primarily of financial institution examiners, economists, financial analysts, accountants, attorneys, and policy analysts. These mission-critical occupations (MCOs) require highly-skilled practitioners with substantive knowledge of large, complex financial institutions, products and services, and significant experience in examining, analyzing, or evaluating them.

Minorities and women have historically been significantly underrepresented in these MCOs. Despite this historical challenge, however, FHFA has succeeded in building a diverse and highly educated workforce primarily due to its recruitment, hiring, promotion, and retention efforts at all levels of the Agency. The Agency works diligently to attract outstanding talent from other financial regulatory agencies, the private sector, and academia to enable it to achieve its mission, which requires a diverse workforce that understands and can respond to the housing finance needs of an increasingly diverse population.

I. Workforce Diversity

FHFA relies on a relatively small staff of permanent employees, so any growth or improvement in diversity is manifested in small increments. OMWI collaborates with the Agency's Office of Human Resources Management (OHRM) to collect and analyze employee data. Since OMWI began tracking and analyzing relevant Agency data, FHFA's total workforce count has remained relatively stable. However, there have been slight downward fluctuations in certain years primarily attributable to employee retirements, and moderate increases in other years during the 10 years of the Agency's existence.⁶

The Agency reviews workforce data over a five-year period to gauge its progress, using data for the federal workforce and the Civilian Labor Force (CLF) for demographic benchmark comparisons.

⁶ For example, in 2011 the total employee count was 544; in 2012, 585; in 2013, 594; in 2014, the count decreased to 555 mostly due to retirements, and slightly increased to 559 in 2015. By 2016, the employee count rose to 582 and to 593 in 2017. In 2018 the employee count dropped slightly to 587.



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⁵ See 12 CFR 1223.2.

FHFA encourages all employees to report their race, gender, and disability status for purposes of accuracy.⁷ FHFA's total minority representation increased slightly from 41.65 percent in 2017 to 42.93 percent in 2018, which is considerably more than the 38.20 percent represented in 2014. The following groups comprised FHFA's minority workforce in 2018: African American (21.30 percent); Hispanic (2.04 percent); Asian (13.63 percent); Native American (0.17 percent); and two or more races⁸ (5.79 percent).

A comparison of **Tables 1** and **2**⁹ reflects an increase of 4.73 percentage points for all minorities, but a slight decline of 0.54 percentage points for women in 2018 as compared to 2014.

Table 1: FHFA Workforce by Race, Ethnicity, and Gender as of December 31, 2018

Race and Ethnicity	Fe	male	IV	lale	А	.II
Race and Ethnicity	#	%	#	%	#	%
Total	257	43.78	330	56.22	587	100.00
Non-Minority	117	19.93	216	36.80	333	56.73
Total Minorities	140	23.85	112	19.08	252	42.93
Unidentified Race/Ethnicity	0	0.00	2	0.34	2	0.34
African American	83	14.14	42	7.16	125	21.30
Hispanic	4	0.68	8	1.36	12	2.04
Asian	32	5.45	48	8.18	80	13.63
Native American	0	0.00	1	0.17	1	0.17
Two or More Races	21	3.58	13	2.21	34	5.79

Table 2: FHFA Workforce by Race, Ethnicity, and Gender as of December 31, 2014

Dage and Ethnicity	Fe	male	IV	1ale	А	.II
Race and Ethnicity	#	%	#	%	#	%
Total	246	44.32	309	55.68	555	100.00
Non-Minority	120	21.62	223	40.18	343	61.80
Total Minorities	126	22.70	86	15.50	212	38.20
African American	86	15.50	34	6.13	120	21.62
Hispanic	11	1.98	7	1.26	18	3.24
Asian	24	4.32	42	7.57	66	11.89
Native American	0	0.00	0	0.00	0	0.00
Two or More Races	5	0.9	3	0.54	8	1.44

⁹ Percentages for Total African American in Tables 1 and 2 may be off by 0.01 due to rounding.



⁷ 585 out of 587 (99.66 percent) employees self-identified in 2018 compared to 555 (100 percent) in 2014.

⁸ Employees who self-identified as belonging to two or more races have ancestry from more than one of the following groups: Caucasian, Black or African-American, Native Hawaiian or Other Pacific Islander, Asian, or Native American.

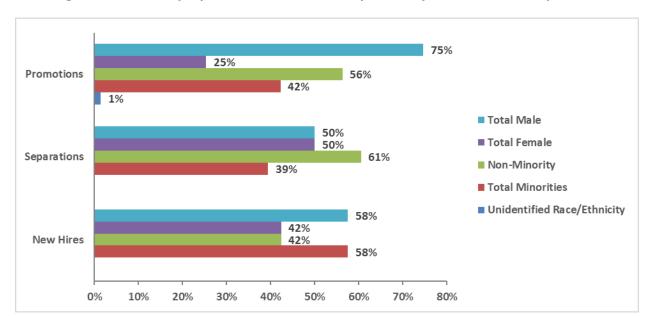


Figure 1: FHFA Employment Actions in 2018 by Minority and Gender Group Status

OMWI also reviews data from hiring, promotions, and separations to gain insight for recruitment strategies, career mobility, and retention. FHFA employment actions in 2018 are reflected graphically above in **Figure 1**.

New Hires – Of the 33 employees hired by FHFA in 2018, minorities and women represented 57.58 percent and 42.42 percent, respectively. While the 2018 FHFA hiring rate was higher for minorities than both the CLF (27.64 percent) and the federal workforce (36.68 percent) percentages, the hiring rate for women fell below both benchmarks (CLF – 48.14 percent; and federal workforce – 43.38 percent). See **Table 3** for a complete comparison of FHFA's workforce to the two benchmarks.

Promotions – Of the 71 employees promoted in 2018, minorities and women represented 42.25 percent and 25.35 percent, respectively; 56.34 percent of promotions went to non-minority employees, 19.72 percent to African Americans, 11.27 percent to Asians, and 8.45 percent to employees who identified as two or more races.

Attrition – Of the 38 employees who left the Agency in 2018, 39.47 percent were minorities and 50 percent were women.



II. FHFA Workforce Comparison

FHFA evaluates the composition of its workforce against the federal workforce and the CLF. Federal workforce data is provided by the Office of Personnel Management (OPM) and CLF information is released by the U.S. Census Bureau from the 2010 Census. As reflected in **Table 3**, the overall representation of minorities in FHFA's workforce (42.93 percent) was higher than that of the benchmarks, although the levels of minority representation varied among the specific minority groups.

Table 3: Workforce Comparison (in percentages)

Race, Ethnicity, and Gender	Federal Workforce as of June 2018 ¹⁰	Civilian Labor Force as of 2010 ¹¹	FHFA Workforce as of December 31, 2018
Total Male	56.60	51.86	56.22
Total Female	43.38	48.14	43.78
Non-Minority	63.26	72.36	56.73
Total Minorities	36.68	27.64	42.93
Unidentified Race/Ethnicity	0.06	0.00	0.34
African American	18.15	12.02	21.30
Hispanic	8.75	9.96	2.04
Asian	5.99	3.90	13.63
Native American	1.69	1.08	0.17
Two or More Races	1.60	0.54	5.79

https://www2.census.gov/library/publications/2011/compendia/statab/131ed/tables/labor.pdf



¹⁰ FedScope: Federal Workforce Data. Fiscal Year 2018. https://www.fedscope.opm.gov.

¹¹ CLF Data as of 2010; U.S. Census Bureau;

Six MCOs support FHFA's mission: Financial Institution Examiner (0570); Policy Analyst (a subset of the Management and Program Analyst series (0343)); Financial Analyst (1160); Economist (0110); General Attorney (0905); and Accountant (0510). **Tables 4** and **5** reflect participation rates and the racial/ethnic and gender representations within each MCO at FHFA in 2018 compared to 2014.

Table 4: FHFA Top Six Mission Critical Occupations as of December 31, 201812

Race, Ethnicity, and Gender	Financial Institution Examiners 0570		Policy Analysts 0343		An	Financial Analysts 1160		Economists 0110		Attorneys 0905		Accountants 0510		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%	
Total	175	100.00	46	100.00	67	100.00	36	100.00	37	100.00	23	100.00	384	100.00	
TM	118	67.43	22	47.83	41	61.19	22	61.11	20	54.05	13	56.52	236	61.46	
TF	57	32.57	24	52.17	26	38.81	14	38.89	17	45.95	10	43.48	148	38.54	
Total Non- Minority	110	62.86	27	58.70	39	58.21	22	61.11	25	67.57	11	47.83	234	60.94	
Total Minorities	64	36.57	19	41.30	28	41.79	14	38.89	12	32.43	12	52.17	149	38.80	
Unidentified M/F	1/0	0.57	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	1	0.26	
WM	80	45.71	12	26.09	24	35.82	14	38.89	13	35.14	7	30.43	150	39.06	
WF	30	17.14	15	32.61	15	22.39	8	22.22	12	32.43	4	17.39	84	21.88	
AAM	15	8.57	1	2.17	8	11.94	0	0.00	3	8.11	2	8.70	29	7.55	
AAF	11	6.29	6	13.04	6	8.96	2	5.56	2	5.41	0	0.00	27	7.03	
НМ	6	3.43	0	0.00	1	1.49	0	0.00	0	0.00	1	4.35	8	2.08	
HF	1	0.57	0	0.00	0	0.00	0	0.00	1	2.70	0	0.00	2	0.52	
AM	14	8.00	4	8.70	7	10.45	7	19.44	2	5.41	2	8.70	36	9.38	
AF	12	6.86	1	2.17	4	5.97	3	8.33	1	2.70	6	26.09	27	7.03	
NAM	0	0.00	1	2.17	0	0.00	0	0.00	0	0.00	0	0.00	1	0.26	
NAF	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	
2M	2	1.14	4	8.70	1	1.49	1	2.78	2	5.41	1	4.35	11	2.86	
2F	3	1.71	2	4.35	1	1.49	1	2.78	1	2.70	0	0.00	8	2.08	

*Keys: TM-Total Male; TF-Total Female; WM-White Male; WF-White Female; AAM-African American Male; AAF-African American Female; HM-Hispanic Male; HF-Hispanic Female; AM-Asian Male; AF-Asian Female; NAM-Native American Male; NAF-Native American Female; M2M-Two or More Races Male; 2F-Two or More Races Female.

¹² Percentages may be off by up to 0.02 due to rounding.



Table 5: FHFA Top Six Mission Critical Occupations as of December 31, 2014¹³

Race, Ethnicity, and Gender	Financial Institution Examiners 0570		Policy Analysts 0343		Financial Analysts 1160		Economists 0110		Attorneys 0905		Accountants 0510		Total	
	#	%	#	%	#	%	#	%	#	%	#	%	#	%
Total	139	100.00	19	100.00	45	100.00	34	100.00	31	100.00	26	100.00	294	100.00
TM	94	67.63	11	57.89	29	64.44	26	76.47	18	58.06	14	53.85	192	65.31
TF	45	32.37	8	42.11	16	35.56	8	23.53	13	41.94	12	46.15	102	34.69
Total Non- Minority	97	69.78	14	73.68	29	64.44	23	67.65	21	67.74	14	53.85	198	67.35
Total Minorities	42	30.22	5	26.32	16	35.56	11	32.35	10	32.26	12	46.15	96	32.65
WM	71	51.08	9	47.37	21	46.67	17	50.00	13	41.94	8	30.77	139	47.28
WF	26	18.71	5	26.32	8	17.78	6	17.65	8	25.81	6	23.08	59	20.07
AAM	10	7.19	0	0.00	4	8.89	1	2.94	3	9.68	2	7.69	20	6.80
AAF	12	8.63	1	5.26	4	8.89	0	0.00	3	9.68	1	3.85	21	7.14
НМ	3	2.16	0	0.00	0	0.00	0	0.00	0	0.00	1	3.85	4	1.36
HF	1	0.72	1	5.26	1	2.22	1	2.94	1	3.23	0	0.00	5	1.70
AM	9	6.47	2	10.53	4	8.89	8	23.53	2	6.45	2	7.69	27	9.18
AF	6	4.32	0	0.00	3	6.67	1	2.94	1	3.23	5	19.23	16	5.44
2M	1	0.72	0	0.00	0	0.00	0	0.00	0	0.00	1	3.85	2	0.68

*Keys: TM-Total Male; TF-Total Female; WM-White Male; WF-White Female; AAM-African American Male; AAF-African American Female; HM-Hispanic Male; HF-Hispanic Female; AM-Asian Male; AF-Asian Female; 2M-Two or More Races Male; 2F-Two or More Races Female; Undefined M/F.

The following occupational series had increases from 2014 to 2018:

- **Financial Institution Examiners (0570)** Asians from 10.79 percent to 14.86 percent, and Hispanics from 2.88 percent to 4.00 percent;
- Policy Analysts (0343) minorities from 26.32 percent to 41.30 percent;
- **Financial Analysts (1160)** minorities from 35.56 percent to 41.79 percent, with the percentage of African American males increasing from 8.89 percent to almost 12 percent;
- Economists (0110) minorities from 32.35 percent to 38.89 percent;
- Accountants (0510) minorities from 46.15 percent to 52.17 percent, although loss of female Accountants (from 12 in 2014 to 10 in 2018) resulted in a drop from 46.15 percent to 43.48 percent; and
- Attorneys (0905) representation of women edged closer to being almost half of this MCO from 41.94 percent to 45.95 percent in 2018.

¹³ Percentages may be off by up to 0.02 due to rounding.



III. Management

FHFA's management team consists of employees with leadership skills and broad perspectives from years of experience in government, private sector, and/or academia. These employees are classified under the FHFA executive pay band category Leadership Level and the supervisory or upper management grades EL 14 through EL 15. **Tables 6 - 9**¹⁴ reflect the number and percentage of FHFA's management team members by race, ethnicity, and gender in 2018 compared to 2014.

Table 6: Diversity in FHFA's Supervisors as of December 31, 2018

Race and Ethnicity	Fe	emale	N	Male		All
Race and Ethincity	#	%	#	%	#	%
Management Total	28	43.75	36	56.25	64	100.00
Non-Minority	15	23.44	23	35.94	38	59.38
Total Minorities	13	20.31	13	20.31	26	40.62
African American	8	12.50	4	6.25	12	18.75
Hispanic	0	0.00	2	3.13	2	3.13
Asian	1	1.56	4	6.25	5	7.81
Two or More Races	4	6.25	3	4.69	7	10.94

Table 7: Diversity in FHFA's Supervisors as of December 31, 2014

Race and Ethnicity	Fer	nale	N	⁄lale	All		
Race and Elimicity	#	%	#	%	#	%	
Management Total	29	44.62	36	55.38	65	100.00	
Non-Minority	19	29.23	25	38.46	44	67.69	
Total Minorities	10	15.38	11	16.92	21	32.31	
African American	9	13.85	5	7.69	14	21.54	
Hispanic	1	1.54	1	1.54	2	3.08	
Asian	0	0.00	4	6.15	4	6.15	
Two or More Races	0	0.00	1	1.54	1	1.54	

A comparison of **Table 6** and **Table 7** reflects a decrease in women supervisors from 44.62 percent in 2014 to 43.75 percent in 2018, but an increase in the percentage of minority women supervisors from 15.38 percent to 20.31 percent. Additionally, the total number of minority supervisors increased from 32.31 percent to 40.62 percent.

¹⁴ Percentages for Tables 6 - 9 may be off by 0.01 due to rounding.



Table 8: Diversity in FHFA's Executives as of December 31, 2018

Race and Ethnicity	Fe	male	N	/lale		All
Nace and Elimicity	#	%	#	%	#	%
Management Total	15	31.91	32	68.09	47	100.00
Non-Minority	7	14.89	28	59.57	35	74.47
Total Minorities	8	17.02	4	8.51	12	25.53
African American	5	10.64	2	4.26	7	14.89
Hispanic	1	2.13	1	2.13	2	4.26
Asian	0	0.00	1	2.13	1	2.13
Two or More Races	2	4.26	0	0.00	2	4.26

Table 9: Diversity in FHFA's Executives as of December 31, 2014

Race and Ethnicity	Fer	nale	N	⁄Iale	,	All
Race and Ethincity	#	%	#	%	#	%
Management Total	16	34.78	30	65.22	46	100.00
Non-Minority	7	15.22	28	60.87	35	76.09
Total Minorities	9	19.57	2	4.35	11	23.91
African American	6	13.04	1	2.17	7	15.22
Hispanic	2	4.35	1	2.17	3	6.52
Asian	0	0.00	0	0.00	0	0.00
Two or More Races	1	2.17	0	0.00	1	2.17

Similarly, a comparison of **Table 8** and **Table 9** indicates decreases in both women executives and minority women executives from 34.78 percent to 31.91 percent and 19.57 percent to 17.02 percent, respectively. However, the total number of minority executives increased from 23.91 percent in 2014 to 25.53 percent in 2018.

IV. Internships

The Agency sponsors an annual summer internship program for college and graduate students, as well as recent college graduates, to create a pipeline of talented applicants from whom future positions may be filled. The program provides meaningful training and career development opportunities for individuals interested in a career in financial services or the federal government. These are paid positions where students are given assignments that correlate to their path of study. In 2018, during lunchtime sessions, FHFA staff provided lectures on several topics related to FHFA's mission, such as "Loan Limits and the House Price Index," "Financing Affordable Rental Housing," and "Credit Risk Transfers." FDIC representatives gave a special lecture on "Money Smart for Young People: Your Own Home."



FHFA announced its 2018 internship opportunities on USAJOBS, the federal government's recruiting website, on the Agency's website, and social media; and OHRM conducted outreach to numerous colleges and universities (through their career services websites), including Historically Black Colleges and Universities and Hispanic-Serving Institutions. **Table 10** shows the diversity profile of the 27 interns hired during 2018.

Table 10: 2018 Summer Interns by Race, Ethnicity, and Gender as of December 31, 2018¹⁵

Race and Ethnicity	Fer	nale	Ma	ale		All
Race and Elimicity	#	%	#	%	#	%
Intern Total	14	51.85	13	48.15	27	100.00
Non-Minority	5	18.51	7	25.93	12	44.44
Total Minorities	9	33.33	6	22.22	15	55.56
Unidentified Race/Ethnicity	0	0.00	0	0.00	0	0.00
African American	6	22.22	3	11.11	9	33.33
Hispanic	0	0.00	0	0.00	0	0.00
Asian	1	3.70	2	7.41	3	11.11
Native American	0	0.00	0	0.00	0	0.00
Two or More Races	2	7.41	1	3.70	3	11.11

V. Successes

a. Management Development and Employee Training

FHFA emphasizes the value of outstanding leadership and recognizes that executives, managers, and supervisors are vital for ensuring a culture of inclusion across the Agency. To that end, FHFA uses training to support management and program accountability by combining traditional classroom-based training with online learning for its self-directed, leadership development model. This "blended" learning approach is used to offer multiple courses on diversity and inclusion and EEO topics using different delivery methods. This strategy aligns with **OMWI Strategic Plan Goal 1** (Strengthen the Understanding of Diversity, Inclusion, and Equal Opportunity to Drive Cultural Awareness).

To sustain long-term organizational excellence, FHFA recognizes that it must provide structure and strategies that equip its leaders to manage diversity, be accountable, measure results, and devise innovative approaches based on data. Diversity and inclusion training was offered at FHFA's Annual Management Conference. The 2018 theme title was "We're on this R.I.D.E. Together – Respect. Integrity. Diversity. Excellence." The conference, which was mandatory for all FHFA senior management, focused on respect, acceptable workplace conduct, and the types

¹⁵ Percentages for Female Total Minority and All Interns may be off by 0.01 due to rounding.



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of behaviors that contribute to a respectful and inclusive workplace. Noting the premise that "if an organization brings in new people but doesn't enable them to contribute, those new people are bound to fail, no matter how talented they are," the keynote speaker delivered powerful messages about and practical tips for policies and practices to encourage, enable, and support inclusive behavior. Other sessions covered topics on the best practices for hiring top talent, a Franklin Covey model for the ability to create trust (a critical leadership competency for management today), and ethics information updates that counted towards the mandatory ethics training requirement for all executives, managers, and supervisors in attendance. In addition, an EEOC representative provided a session on harassment that was designed specifically for supervisors.

FHFA also expanded the competency performance measures incorporated into the Job Performance Plans of FHFA managers and supervisors to ensure accountability for diversity and inclusion and EEO (D&I/EEO Competencies). The D&I/EEO Competencies, which are consistent with EEOC guidelines regarding the evaluation of executives, managers, and supervisors, were developed, approved, and implemented in 2017. The Agency updated its Annual Performance Plan in 2018 to include the role of FHFA leadership in action plans designed to bolster FHFA's recruitment of persons with disabilities. OMWI plans on providing further guidance to leadership during 2019. FHFA will continue to evaluate the effectiveness of these new measures over time.

As part of FHFA's proactive prevention strategy, EEO Services partnered with the EEOC to offer "Respect in the Workplace" training for both supervisors and employees throughout 2018. In addition, EEO Services provided EEO-based training to specific work units that requested it.

Online training was made available via webinars that addressed EEO laws as they applied to discriminatory harassment and detailed ways to encourage workplace civility that dispels disrespectful conduct before it leads to a harassment complaint.

Also, during FHFA's New Employee Orientation sessions, EEO Services educated all new hires on the mandatory requirements of the Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No FEAR Act)¹⁶, and provided them with resources and information on the EEO complaint process, FHFA anti-harassment process, and alternative dispute options for resolution of workplace conflict.

FHFA made available to all employees the expertise of Franklin Covey-certified employees who, through the Learning Academy, offered courses related to Trust, Productivity, and Effectiveness. FHFA hopes to continue these popular courses each year.

¹⁶ The Notification and Federal Employee Antidiscrimination and Retaliation Act of 2002 (No-Fear Act), Public Law 107-174, 116 Stat. 566.



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b. Diversity and Awareness Education for the Workforce

OMWI leads FHFA's efforts to meet its inclusion responsibilities by offering specialized cultural educational programming through its Special Emphasis Program (SEP). This is consistent with **OMWI Strategic Plan Goal 1** (Strengthen the Understanding of Diversity, Inclusion, and Equal Opportunity to Drive Cultural Awareness) and **Goal 2** (Deliver Meaningful Diversity and Inclusion Communication).

There are three SEP areas specifically required by regulation (29 CFR 1614.102): the Hispanic Employment Program, Federal Women's Program, and Program for Persons with Disabilities. In addition to those three areas, FHFA has SEP events to highlight other cultural groups whose stories have not been widely shared. OMWI presented national heritage and history commemorations for: Martin Luther King, Jr. Day; African American History Month; Women's History Month; Holocaust Remembrance Day; Asian American and South Pacific Islander Heritage Month; Lesbian, Gay, Bisexual, and Transgender Month; Women's Equality Day; National Hispanic Heritage Month; National Disability Awareness Month; Veterans Day; and Native American Heritage Month. These programs contributed to increased employee engagement while educating them on the cultural contributions and value of a diverse workforce. Employees themselves participated and were featured in some programs. See **Appendix C** for a listing of the 2018 programs.

Last year, FHFA started an Agency-wide series to increase employee awareness and knowledge about the functions of different FHFA offices. A 2017 Town Hall survey had suggested less formal settings to encourage conversations among FHFA employees from different units. OMWI participated by hosting the first Open House to describe its functions, introduce its staff, and showcase their roles and responsibilities for various projects and initiatives. A featured invited guest led the discussion on "Diversity through a Different Lens."

OMWI continued to raise its profile within and outside the Agency through FHFA's sponsorship of a Diversity Best Practices (DBP) Member Conference in April 2018, attended by more than 125 people. DBP offers quarterly, members-only conferences hosted by members, which are timely and topical. The conferences are designed to expand the expertise of diversity and inclusion practitioners and human resources professionals, and help FHFA executives develop greater understanding of diversity and inclusion. DBP membership includes Fortune 500 corporations, financial and insurance institutions, and government agencies. FHFA has been a member of DBP for the past three years. The one-day event allowed peers to share best practices and subject matter expertise.

As part of the onboarding process for newly hired employees, OHRM's practice is to show an OPM video that emphasizes the importance of, and drives awareness of, diversity and inclusion. The video reinforces the importance of being open to different ideas and approaches and working collaboratively to reach the best decisions.

FHFA's Ethics Office within the Office of General Counsel (OGC) demonstrated the meaning of FHFA's core values, including diversity, by conducting interactive annual ethics training sessions that emphasized the importance of avoiding actions that are "lawful but



awful." Quarterly ethics newsletters highlighted the 14 Principles of Ethical Behavior, updates from the U.S. Office of Government Ethics, and other information supportive of diversity and inclusion. In addition, the Ethics Office introduced a new mobile application ("FHFA Ethics") to provide FHFA employees with ready answers to common ethics questions and concerns. The ethics app, which includes summaries of federal ethics rules as well as contact information for FHFA's Ethics Office, FHFA-OIG, U.S. Office of Government Ethics, and the U.S. Office of Special Counsel, reaffirms FHFA's commitment to promoting core values and the highest level of integrity.

OMWI increased its use of the FHFA intranet, biweekly internal newsletter, and networked television monitors throughout the Agency to keep all employees informed of various activities and training related to EEO policies and diversity initiatives.

c. Workforce Culture – Employee Engagement

OMWI is constantly seeking new ways to strengthen employee engagement and to cultivate a more inclusive work culture. For instance, OMWI would like to increase employee participation in programs that build cultural awareness, encourage communication, and allow for employee development of communication skills that contribute to career mobility. Such an undertaking requires a robust collaborative effort across the Agency.

In early 2018, OMWI formed a SEP planning committee and invited FHFA employees to be involved in the planning of future Agency programs and observances. Since then, the committee has drafted a charter document to create a Diversity Advisory Council (Council) subject to approval by the Agency in 2019. The Council would serve as a communication link between the workforce and Agency leadership to help implement the OMWI Strategic Plan by sharing ideas to achieve a fair and equitable work environment, increase diversity and inclusion within team environments, and develop techniques that support the inclusion of all employees.

Other Agency initiatives contributed to cohesion and team-building and improving employee morale. FHFA's Division of Housing Mission and Goals launched its Peer-to-Peer Mentoring Program with the goals of creating opportunities for shared learning and career development and strengthening interpersonal relationships. At the completion of its first year, mentors and mentees have declared the program a success for offering invaluable career advice and expanding mentee knowledge of the housing finance industry.

OMWI in turn supported FHFA's National Mortgage Database survey initiative to collect data on Hispanic mortgage borrowers' experiences by translating the English version of the survey into Spanish. Such collaboration was a significant testament to the benefits of diversity and inclusion at FHFA.

Consistent with **OMWI Strategic Plan Goal 3** (Ensure Organizational Sustainability), the Agency is seeking to develop the means and ways that support the long-term sustainability and effectiveness of the diversity and inclusion mission. In 2017, OPM administered the first Diversity and Inclusion Climate Survey on behalf of FHFA, with the goal of identifying any gaps



between FHFA's approach to, and employees' understanding of, diversity and inclusion. The Agency also used the results to establish a baseline against which future assessments can be compared. In 2018, OMWI continued to study the Survey results to gauge employee perceptions about their work environment, EEO, and support for diversity and workplace inclusiveness. Based on the results of the 2017 Survey, OMWI is developing a benchmark tool to track the progress and impact of its diversity and inclusion programs and identify positive trends and areas for improvement. In 2018, OMWI began collaborating with FHFA Division and Office heads to prepare for a follow-up survey to be conducted in 2019 to compare those findings against the baseline results.

To assist all federal agencies further with this issue, OPM developed an Inclusion Quotient (IQ) Index taken from a subset of diversity and inclusion-related questions it includes annually in the Federal Employee Viewpoint Survey (FEVS). The questions are meant to measure quantitatively the extent to which employees think their agency promotes and respects diversity. The scores are considered qualitative benchmarks for measuring the Agency's progress. OMWI reviewed FHFA's overall FEVS IQ Index scores for the specific factors associated with inclusion involving "open-mindedness" and compared them to scores from previous years to gauge the state of inclusion within the Agency. See **Table 11**. The scores indicate that FHFA has been improving with a rise upward since 2014, and a minimal decrease in 2018 for two questions.

Table 11: FHFA Scores on Diversity and Inclusion-Related FEVS Questions

FEVS Questions	2018	2017	2016	2015	2014
Q34 – Policies and programs promote diversity in the workplace (for example, recruiting minorities and women, training in awareness of diversity issues, mentoring).	68.50%	69.00%	69.42%	63.17%	58.93%
Q45 – My supervisor is committed to a workforce representative of all segments of society.	77.90%	81.00%	78.05%	73.63%	74.57%
Q55 – Supervisors work well with employees of different backgrounds.	67.90%	66.00%	65.07%	56.45%	52.78%

FHFA will compare the results from the 2019 Climate Survey with the 2017 results and, together with the IO Index results, design solutions to specific issues that affect employee engagement.

Cultivating more relationships with external organizations that successfully promote diversity is critical to the success of FHFA's Minority and Women Outreach Program. With that in mind, in 2018, OMWI participated in outside panels and keynote addresses at events to share their expertise and learn about the latest information on diversity and inclusion trends. See **Appendix A** for a listing of the activities.

OMWI continued to forge stronger collaborative relationships with the OMWIs of other financial regulatory agencies, and pooled resources to take advantage of networking opportunities for contractors and joint workforce diversity projects. The OMWI Director attended periodic interagency meetings with other agencies' OMWI directors to exchange information, compare successes and challenges, and share best practices. OMWI annually hosts an end-of-the-year



interagency meeting with OMWI directors and staff from the FDIC, OCC, CFPB, SEC, NCUA, Federal Reserve Board of Governors, and Treasury.

OMWI also monitors whether FHFA employees with disabilities are provided the appropriate tools and resources they need to succeed at work. FHFA's Section 508¹⁷ committee brings together business units responsible for communications, information technology, EEO, procurement, diversity and inclusion, legal services, and human resources, to oversee the design and execution of Section 508 remediation activities and offerings for internal and external users of FHFA information. FHFA redesigned its template for quarterly and annual No FEAR data to be Section 508-compliant, making related Agency information accessible for potential candidates and others with visual disabilities. The Agency hired a 508 specialist at the end of 2018 who, since the beginning of 2019, has started to collaborate with each FHFA Division and Office to ensure full compliance.

The Agency's reasonable accommodation (RA) coordinator is responsible for ensuring that RA requests are timely processed and approved. In 2018, FHFA provided 13 requested accommodations.

d. Diversity Recruitment

FHFA's ongoing workforce recruitment strategy established new external networking opportunities while also seeking additional sources from which to develop a diverse pool of applicants, including more individuals with disabilities, Hispanics, and veterans. OMWI and OHRM staff met periodically to collaborate on recruiting and hiring strategies, and participate in joint recruitment activities and outreach events sponsored by professional associations and other organizations serving minorities, women, veterans, and the disabled. The following is a list of representative events:

- Recruit Military All Veterans Career Fair (to support FHFA's disability recruitment initiative);
- Native American Finance Officers Association Annual Conference;
- 2018 Careers & disABLED Career Expo (hosted by Equal Opportunity Publications, a leader in diversity recruitment with portfolios of several national career magazines, online job boards, job fairs for minority groups, women and people with disabilities);
- Association of Latin Professionals in Finance and Accounting 45th Annual Convention & Career Fair:
- Ascend Pan-Asian Leaders Annual National Convention;
- George Washington School of Business Fall 2018 Career Fair;

¹⁷ Section 508 of the Rehabilitation Act of 1973, as amended (29 U.S.C §794d), requires, in part, that all electronic and information technology that is developed, procured, maintained, or used by each Federal department or agency be made available to the public in formats that provide comparable access to all people including persons with disabilities, unless an undue burden would be imposed on the department or agency.



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- National Black Master of Business Administration (MBA) Association® Annual Conference & Exposition, an organization that supports professional career development and opportunities for black professionals;
- 11th Annual MBA Veterans Career Conference;
- 2018 Historically Black Colleges and Universities Career Development Marketplace; and
- 10th Annual Asian MBA Career Expo.

FHFA's enhanced recruitment strategies in 2018 resulted in its hiring a total of 19 minority and 14 women employees among the 33 new employees, including 5 African Americans, 11 Asians, 1 Hispanic, and 2 individuals who identified as two or more races.

FHFA is always open to new recruitment approaches, and partnering with DBP provided us an opportunity to learn how to build a talent pipeline of prospective hires. The previously mentioned DBP member conference titled "Developing a Diversity Pipeline Inside and Out Today" featured subject matter experts from across the country, panel discussions, and case studies that contributed to strengthening the Agency's internal efforts to support and advance a diverse workforce. One panel discussed the key elements of successful recruitment programs, which was consistent with FHFA's Internship program strategy that has already resulted in converting two previous interns (one female) to permanent employees. Representatives from the financial services industry included Fannie Mae, among others.

VI. Challenges

While FHFA has achieved tangible results in promoting diversity and inclusion in its workforce, the Agency acknowledges and understands that more can be done in this area. Even as it explores potential opportunities, however, FHFA faces certain unavoidable limitations in that it has significantly fewer hiring opportunities than other larger financial regulatory agencies, as well as a very low attrition rate. Despite an expansion in its outreach efforts, the FHFA Hispanic workforce continues to be underrepresented.

For data collection, the Agency must work within the constraints of a database system populated with information voluntarily provided by employees. The number of employees who choose to respond drives the response rate and accuracy of our assessments. The Agency currently has USAJOBS applicant flow data from 2017 to 2018, and is working on completing the collection of additional data from its direct hiring activities. To present this data in a format that hiring managers can use effectively, OMWI has developed a dashboard that visually calculates and displays the applicant pool and selection rates by demographic group at the Agency and Division and Office levels. In addition, OMWI is collecting data on Agency recruitment procedures facilitated by a survey tool that OMWI has developed. This tool allows the Agency to assess the effectiveness of existing procedures used throughout the recruitment process.



FHFA will continue to tackle these challenges, where practicable, by taking the following actions:

- Execute the project plan for the assessment of applicant flow data;
- Continue to collaborate across the Agency to drive greater understanding of diversity and inclusion and the attendant benefits;
- Use targeted recruiting strategies to expand outreach to Hispanic talent and continue Agency internship programs to ensure diversity and inclusion in the pipeline; and
- Facilitate succession planning.



C. FHFA Business Diversity and Inclusion

I. Contracting Activities and Five-Year Analysis

FHFA's diversity and inclusion obligations also extend to contracting activities. To meet its commitment to promote diversity and ensure the inclusion and utilization of MWOBs in the Agency's business activities, FHFA strives to increase the percentage of funding obligated under contract actions with MWOBs, consistent with legal standards. The Agency compiled and analyzed its contracting actions and reported its total contracting dollars obligated to MWOBs as part of the Agency's *Fiscal Year 2018 Performance and Accountability Annual Report*.

For purposes of this report, contracting actions include contract awards and contract modifications.¹⁸ Contract obligations reflect the total amount of dollars obligated and de-obligated on contracts during the course of the year.

In 2018, FHFA executed 512 contract actions with a total spend of \$44,857,375 (up from \$43,674,403 in 2017), of which 223 contract actions were with MWOBs, for a total spend of \$13,883,359 (up from \$11,633,710 in 2017).¹⁹ The 223 contract actions with MWOBs represent 43.55 percent of all contracting actions and 30.95 percent of the total spend by FHFA.

¹⁹ Building leases and interagency agreements are not included in the total actions and spend reported.



¹⁸ The terms "contract obligations" and "contract spend" are used interchangeably.

Tables 12 and **13** provide a historical breakdown, from 2014 through 2018, of contracting actions and percentages, as well as the dollar value of obligations to MWOBs.

Table 12: FHFA Five-Year Contracting Actions Overview 2014 – 2018

Business Type by					Calend	lar Year												
Race, Ethnicity, and	2	2018	20	17	2	2016	2	2015	2014									
Gender	#	%	#	%	#	%	#	%	#	%								
FHFA Contract Actions	512	100.00	499	100.00	509	100.00	532	100.00	564	100.00								
All Other Businesses	289	56.45	285	57.11	348	68.37	378	71.05	419	74.29								
MWOBs ²⁰	223	43.55	214	42.89	161	31.63	154	28.95	145	25.71								
Minority-Owned	146	28.52	136	27.25	96	18.86	89	16.73	80	14.18								
Women-Owned	138	26.95	151	30.26	100	19.65	93	17.48	97	17.20								
Asian American	45	8.79	43	8.62	34	6.68	40	7.52	20	3.55								
Women-Owned	21	4.10	18	3.61	10	1.96	6	1.13	6	1.06								
Native American	24	4.69	19	3.81	16	3.14	9	1.69	14	2.48								
African American	27	5.27	45	9.02	20	3.93	11	2.07	17	3.01								
Women-Owned	15	2.93	37	7.41	12	2.36	7	1.32	10	1.77								
Hispanic American	50	9.77	29	5.81	26	5.11	29	5.45	29	5.14								
Women-Owned	25	4.88	18	3.61	13	2.55	15	2.82	16	2.84								
Women-Owned No Minority Status ²¹	77	15.04	78	15.63	65	12.77	65	12.22	65	11.52								

²¹ Data for 2014 Women-Owned No Minority Status was updated due to a correction in the 2017 report.



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²⁰ For the MWOBs category, the number reported is the number of Women-Owned businesses (no minority status), Minority-Owned businesses (but not Women-Owned), and businesses that are both Women- and Minority-Owned. In the separate Minority-Owned and Women-Owned categories, double counting occurs as these figures include businesses that are both Minority- and Women-Owned. Thus, if added together, the Minority-Owned and Women-Owned categories are greater than the total number of MWOBs.

Table 13: FHFA Five-Year Spend Overview 2014 – 2018²²

		Calendar Year												
Business Type by	201	.8	201	7	20:	16	201	5	2014					
Race, Ethnicity, and Gender	# of Dollars Obligated	% of Dollars Obligated												
FHFA Total Dollars Obligated	\$44,857,375	100.00	\$43,674,403	100.00	\$45,472,226	100.00	\$35,912,677	100.00	\$47,212,939	100.00				
All Other Businesses	\$30,974,016	69.05	\$32,040,693	73.36	\$31,659,029	69.62	\$25,360,057	70.62	\$38,655,097	81.87				
MWOBs ²³	\$13,883,359	30.95	\$11,633,710	26.64	\$13,813,197	30.38	\$10,552,620	29.38	\$8,557,842	18.13				
Minority-Owned	\$11,806,069	26.32	\$9,765,176	22.36	\$12,580,108	27.67	\$6,642,508	18.50	\$6,295,852	13.33				
Women-Owned	\$7,655,685	17.07	\$7,464,210	17.09	\$8,203,188	18.04	\$7,445,529	20.73	\$6,208,945	13.15				
Asian American	\$6,608,888	14.73	\$4,482,438	10.26	\$6,097,325	13.41	\$3,808,266	10.60	\$2,527,559	5.35				
Women-Owned	\$1,058,309	2.36	\$1,713,152	3.92	\$1,634,915	3.60	\$1,130,948	3.15	\$1,106,029	2.34				
Native American	\$281,037	0.63	\$281,017	0.64	\$349,622	0.77	\$128,946	0.36	\$216,822	0.46				
African American	\$749,528	1.67	\$827,917	1.90	\$1,798,508	3.76	\$944,375	2.63	\$1,340,369	2.84				
Women-Owned ²⁴	\$744,178	1.66	\$488,962	1.12	\$1,280,047	2.82	\$937,790	2.61	\$919,698	1.95				
Hispanic American	\$4,166,616	9.29	\$4,173,805	9.56	\$4,334,652	9.53	\$1,760,920	4.90	\$2,211,082	4.68				
Women-Owned	\$3,775,908	8.42	\$3,393,563	7.77	\$4,055,136	8.92	\$1,466,679	4.08	\$1,921,208	4.07				
Women-Owned No Minority Status	\$2,077,290	4.63	\$1,868,534	4.28	\$1,233,089	2.71	\$3,910,111	10.89	\$2,262,010	4.79				

²⁴ The number of dollars obligated for 2015 Women-Owned Businesses has been updated due to a correction in the 2017 report.



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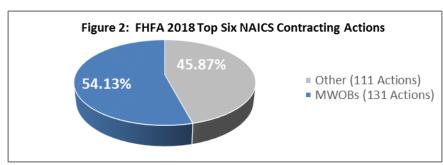
²² Rounding causes total numbers to be off by \$1 in some instances.

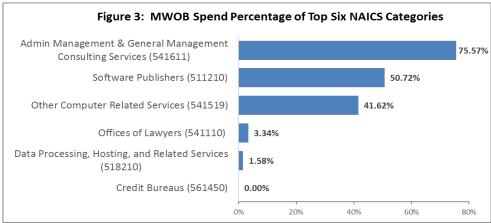
²³ For the MWOBs category, the number reported is the number of Women-Owned businesses (no minority status), Minority-Owned businesses (but not Women-Owned), and businesses that are both Women- and Minority-Owned. In the separate Minority-Owned and Women-Owned categories, double counting occurs as these figures include businesses that are both Minority- and Women-Owned. Thus, if added together, the Minority-Owned and Women-Owned categories are greater than the total number of MWOBs.

II. FHFA 2018 Top Six NAICS Codes Contracting Actions and Spend Overview

During 2018, FHFA evaluated the contracting actions and spend as categorized under the North American Industry Classification System (NAICS). NAICS is the standard used by federal agencies in classifying business establishments for collecting, analyzing, and publishing statistical data related to the country's economy.²⁵ FHFA's highest spends in 2018 were in the following NAICS categories and codes: Software Publishers (511210); Offices of Lawyers (541110); Other Computer Related Services (541519); Administrative Management and General Management Consulting Services (541611); Data Processing, Hosting, and Related Services (518210); and Credit Bureaus (561450). These categories correspond generally to information technology (IT), legal, and other services.

Figure 2 graphically illustrates the distribution of FHFA contract actions in 2018 for the top six NAICS categories. **Figure 3** depicts the distribution of contract awards to MWOBs by NAICS Category. As shown in **Tables 14** and **15**, FHFA had 242 contracting actions in its top six NAICS codes, a total of \$34,946,286 in obligated dollars for those codes, of which 131 contracting actions, 54.13 percent, were with MWOBs.





²⁵ North American Industry Classification System, 2017, U.S. Census; <a href="https://www.census.gov/cgibin/sssd/naics



Table 14: FHFA 2018 Top Six NAICS Codes Contracting Actions Overview

Business Type by Race, Ethnicity, and Gender	511	.210	518210		541110		541519		541611		561450		Total Top NAICS	
	# Of Actions	% Of Actions												
Top 6 NAICS	30	100.00	16	100.00	26	100.00	131	100.00	34	100.00	5	100.00	242	100.00
Other Businesses	25	83.33	15	93.75	13	50.00	41	31.30	12	35.29	5	100.00	111	45.87
MWOBs	5	16.67	1	6.25	13	50.00	90	68.70	22	64.71	0	0.00	131	54.13
M-Owned	3	10.00	0	0.00	9	34.62	59	45.04	15	44.12	0	0.00	86	35.54
W-Owned	2	6.67	1	6.25	7	26.92	58	44.27	17	50.00	0	0.00	85	35.12
Asian American	3	10.00	0	0.00	3	11.54	25	19.08	5	14.71	0	0.00	36	14.88
W-Owned	0	0.00	0	0.00	0	0.00	14	10.69	0	0.00	0	0.00	14	5.79
Native American	0	0.00	0	0.00	0	0.00	3	2.29	0	0.00	0	0.00	3	1.24
African American	0	0.00	0	0.00	3	11.54	1	0.76	10	29.41	0	0.00	14	5.79
W-Owned	0	0.00	0	0.00	3	11.54	0	0.00	10	29.41	0	0.00	13	5.37
Hispanic American	0	0.00	0	0.00	3	11.54	30	22.90	0	0.00	0	0.00	33	13.64
W-Owned	0	0.00	0	0.00	0	0.00	13	9.92	0	0.00	0	0.00	13	5.37
W-Owned No M-Status	2	6.67	1	6.25	4	15.38	31	23.66	7	20.59	0	0.00	45	18.60



Table 15: FHFA 2018 Top Six NAICS Codes Spend Overview²⁶

Business Type	5112	10	5182	10	54111	.0	54151	.9	5416	11	5614	50	Total MWOB NAICS	
by Race, Ethnicity, and Gender	# Of Spend ²⁷	% Of Spend	# Of Spend	% Of Spend										
Other Businesses	\$731,435	49.28	\$2,346,347	98.42	\$10,212,003	96.66	\$6,119,583	58.38	\$1,765,964	24.43	\$2,801,060	100.00	\$23,976,392	68.61
MWOBs	\$752,680	50.72	\$37,576	1.58	\$352,513	3.34	\$4,363,500	41.62	\$5,463,626	75.57	\$0	0.00	\$10,969,895	31.39
M-Owned	\$586,866	39.54	\$0	0.00	\$297,013	2.81	\$3,134,269	29.90	\$5,134,318	71.02	\$0	0.00	\$9,152,466	26.19
W-Owned	\$165,814	11.17	\$37,576	1.58	\$211,500	2.00	\$3,818,838	36.43	\$914,086	12.64	\$0	0.00	\$5,147,814	14.73
Asian American	\$586,866	39.54	\$0	0.00	\$11,885	0.11	\$725,304	6.92	\$4,549,540	62.93	\$0	0.00	\$5,873,596	16.81
W-Owned	\$0	0.00	\$0	0.00	\$0	0.00	\$415,398	3.96	\$0	0.00	\$0	0.00	\$415,398	1.19
Native American	\$0	0.00	\$0	0.00	\$0	0.00	\$158,729	1.51	\$0	0.00	\$0	0.00	\$158,729	0.45
African American	\$0	0.00	\$0	0.00	\$156,000	1.48	\$19,032	0.18	\$584,778	8.09	\$0	0.00	\$759,810	2.17
W-Owned	\$0	0.00	\$0	0.00	\$156,000	1.48	\$0	0.00	\$584,778	8.09	\$0	0.00	\$740,778	2.12
Hispanic American	\$0	0.00	\$0	0.00	\$129,128	1.22	\$2,231,203	21.28	\$0	0.00	\$0	0.00	\$2,360,330	6.75
W-Owned	\$0	0.00	\$0	0.00	\$0	0.00	\$2,174,210	20.74	\$0	0.00	\$0	0.00	\$2,174,210	6.22
W-Owned No Minority Status	\$165,814	11.17	\$37,576	1.58	\$55,500	0.53	\$1,229,231	11.73	\$329,308	4.56	\$0	0.00	\$1,817,429	5.20
Total of Obligated Per NAICS	\$1,484,115	100.00	\$2,383,922	100.00	\$10,564,516	100.00	\$10,483,083	100.00	\$7,229,590	100.00	\$2,801,060	100.00	\$34,946,286	100.00

Rounding causes sums to be off by \$1 in some instances.
 The terms "spend" and "obligations" are used interchangeably here.



III. Successes

a. Contract Awards

In 2018, FHFA continued to provide more contract actions and funding to MWOBs, in satisfaction of the Agency's Annual Performance Plan measures for contracting. OMWI, in collaboration with the FHFA Office of Budget and Financial Management (OBFM), tracked on a quarterly basis, the total amount of FHFA contracting actions with, and the number and percentage of contracts awarded to, MWOBs. These measures helped to demonstrate the effectiveness of the initiatives and actions in which FHFA was engaged for 2018 to effect greater participation by diverse firms. The measures also comply with Dodd-Frank Act section 342 requirements.

As reflected in **Table 13**, the total amount of funding obligated to MWOB contracts increased by over four percentage points. Similarly, **Table 12** shows that at 43.55 percent, the proportion of Agency contract actions with MWOBs increased slightly compared to 2017 (42.89 percent). With respect to longer-term trends, OMWI met its end-of-year performance goal, as FHFA exceeded the five-year average of contract dollars obligated to MWOBs. For 2018, obligated contract dollars to MWOBs amounted to \$13,883,359. In comparison, the five-year average for contract dollars obligated to MWOBs was \$11,688,146. Similarly, the number and percentage of MWOB contract actions has increased substantially over the same period, as MWOBs received 223 (43.55 percent) contract actions in 2018, compared to 145 (25.71 percent) in 2014. These increases represent more opportunities for MWOBs to increase their federal sector contracting experience.

OMWI and OBFM also continued to collaborate in raising Agency stakeholder awareness of diverse contractors in the procurement planning process and to encourage them to consider providing more opportunities for MWOBs to compete for the Agency's contracting dollars. For example, during May – June 2018, OMWI and OBFM together conducted a "Road Show" meeting with FHFA Divisions and Offices to educate them and discuss FHFA's requirements under the Dodd-Frank Act, to encourage MWOB procurement opportunities and explain what program offices could do to support this effort.

FHFA successfully awarded the following new major contracts to diverse suppliers:

- IT support services to a minority-owned business (MOB);
- Veritas Netbackup software licenses to a women-owned business (WOB)/service-disabled veteran-owned business (SDVOB);
- Citrix NetScaler to a MOB/SDVOB;
- Dell laptop warranty extension to a WOB;
- iComplaints software to a MOB/SDVOB;
- ESX Server to an economically disadvantaged women-owned business (EDWOB);
- Redaction services/legal support to a WOB;
- EMC Data Domain BARS III to a SDVOB;



- Oracle SUN server maintenance to a WOB;
- Enterprise Program Management Office (EPMO) professional services to a MOB-led contractor teaming arrangement (CTA) with team members that are a WOB and large business (LB);
- IT help desk services to a MWOB;
- Human capital and training support to a WOB;
- Sign language interpretation to a MOB;
- Storage drives and associated work for Oracle storage expansion to a WOB; and
- Audio-visual support to a MOB.

b. Supplier Diversity Outreach Program

Throughout 2018, FHFA focused its efforts on many important supplier diversity outreach activities to assist potential MWOBs in overcoming any real or perceived barriers to doing business with the Agency. The activities included Agency participation in business expositions, one-on-one matchmaking sessions, and panel presentations. **Appendix B** details the external outreach events where OMWI and/or OBFM representatives exhibited and/or were featured speakers.

The Agency also encouraged MWOB participation as part of its market research efforts when it hosted an Industry Day on April 30, 2018, for its EPMO Professional Services requirement. There were 14 attendees, including several MWOBs. The agenda included the potential use of CTAs, mentor protégé agreements, and prime/subcontractor arrangements to provide a comprehensive solution to the EPMO requirements; FHFA's Diversity and Inclusion Program and lifecycle approach to supplier diversity; and suggestions on how industry could assist FHFA in meeting its important Dodd-Frank Act requirements and increase participation of MWOBs in FHFA's programs. The event also included a discussion of networking with MWOBs for potential subcontracting, teaming, and mentoring opportunities.

Additionally, following the Industry Day, the EPMO Contracting Officer recommended and conducted one-on-one meetings with vendors, including five MWOBs. Emphasis was placed on FHFA's Dodd-Frank Act requirements and encouraging CTAs and subcontracting opportunities for MWOBs. This strategy, together with the Industry Day, proved to be very successful based on the actual quotes received from vendors. An award was made to a MOB that had formed a three-party CTA with a WOB and a LB. The total obligation was \$2.5 million for the first year of performance with a task order not-to-exceed amount of \$15.4 million over five years if all options are exercised.

On August 29, 2018, OMWI partnered with the OMWIs of other financial regulatory agencies to organize and host a joint OMWI technical assistance conference in San Antonio, Texas. The eight OMWIs co-hosted the event, titled "Smart Contacts – Smart Contracts Technical Assistance," in collaboration with the University of Texas at San Antonio, the Institute for Economic Development, the Minority Business Development Agency, and the Business Center of San Antonio. The featured topics were "Smart Tactics, Tools, and Resources for Connecting



the Dots", and "Smart Federal Proposal Writing." Other highlights included a "Doing Business with the OMWI Agencies" panel; local resource partner panels; other panels addressing how to partner with established contractors to win contracts and how to obtain business mentoring; and a joint OMWI exhibiting resource table. Almost 200 women and minority business owners from across the country attended the conference.

OMWI staff also participated in joint quarterly meetings with the interagency OMWI Supplier Diversity Working Group to share experiences and strategies for increasing supplier diversity, and to pool resources for vendor outreach and technical assistance.

c. Good Faith Effort Procedures and Review

Section 342(c)(3)(A) of the Dodd-Frank Act requires FHFA to develop procedures to determine whether a contractor or subcontractor has failed to make a good faith effort to include minorities and women in its workforce. On March 9, 2018, FHFA finalized its "Policy Establishing Procedures to Determine Compliance by Contractors with the Minority and Women Inclusion Clause" (Good Faith Efforts Policy (GFEP)), which establishes a process to determine whether covered contractors or subcontractors are making good faith efforts to ensure the fair inclusion of minorities and women in their respective workforces. The GFEP ensures transparency, clarity, and consistency in the good faith effort review process.

Most FHFA contracts over \$150,000 (covered contracts) contain a clause that requires the contractor to confirm its commitment to equal opportunity in employment and contracting and, to the maximum extent possible, consistent with applicable law, the fair inclusion of minorities and women in its workforce. Covered contractors agree to provide documentation of the good faith effort they have made in support of this commitment within 10 business days after a request from FHFA.

OMWI implemented the GFEP by conducting its first round of reviews of 20 covered contractors in May 2018. OMWI initiated another round of reviews in December 2018. The contractors' sizes ranged from small companies to large corporations and spanned the NAICS sectors identified in **Tables 14** and **15**. In 2018, OMWI's GFEP review found that a majority of contractors complied with their good faith effort contractual obligation.

IV. Challenges

Despite a modest increase in contracting dollars in 2018, FHFA continues to face challenges in expanding its MWOB contract awards due to FHFA's size and the specificity of its requirements. The Agency's acquisition needs include highly specialized requirements that tend to make contracting with MWOBs more challenging. Likewise, IT security requirements continue to evolve in the face of heightened risk and awareness of cybersecurity issues, and new requirements may adversely affect participation by small businesses, including MWOBs. Despite these challenges, FHFA is committed to devoting the resources necessary to try to maintain and, where possible, increase contracting opportunities for MWOBs.



D. Ensuring Diversity and Inclusion at Regulated Entities

Under section 1116 of HERA, FHFA has regulatory, supervisory, and enforcement authority over the diversity and inclusion programs of its regulated entities, including ensuring their compliance in all their business and activities, including workforce, procurement, and financial transactions. HERA is unique to FHFA and its regulated entities because it requires each entity to establish an OMWI, or its functional equivalent, to promote diversity in all activities at every level of their respective organizations, including employment, management, and contracting. FHFA's supervisory and regulatory responsibilities include OMWI's oversight and examination of the diversity and inclusion programs and activities of these entities. None of the other financial regulatory agencies or their respective regulated entities have a similar obligation.

FHFA's Minority and Women Inclusion Rule (rule)²⁸ established minimum requirements for the implementation of the diversity and inclusion programs of the regulated entities. In 2017, the Agency finalized amendments to the rule²⁹ that clarified the scope of HERA's reporting requirements and required the regulated entities to develop and implement strategic plans to promote diversity in all activities and at every level of their respective organizations.

To carry out the Agency's responsibilities, in 2017 OMWI implemented a diversity and inclusion examination program to examine and assess the programs and practices of the regulated entities. In 2018, FHFA leveraged its year-two examination results to provide further guidance to the regulated entities on diversity and inclusion program execution in the areas of workforce, procurement, and financial transactions.

As conservator of Fannie Mae and Freddie Mac, FHFA annually establishes goals for the Enterprises. Since 2013, FHFA has created an annual "Conservatorship Scorecard" that summarizes its priorities and expectations for the two entities and charts their performance against those goals and objectives. Published near the end of 2018, the 2019 Scorecard for Fannie Mae, Freddie Mac and Common Securitization Solutions (CSS) calls for the regulated entities to consider diversity and inclusion when conducting their respective business activities and initiatives. FHFA's evaluation of Fannie Mae and Freddie Mac's performance against the Scorecard goals is included in a Scorecard Progress Report posted on FHFA's website. Click here to access the link.

In April 2018, FHFA hosted an in-person meeting of the FHLBank Board Diversity Task Force (Task Force), which was created in 2016 to develop recommendations and best practices for soliciting and nominating diverse candidates for both member and independent board director positions throughout the FHLBank System. The Task Force, which meets periodically, consists of several Bank presidents and representatives from both the member and independent director communities in the FHLB System. The OMWI Director, Deputy Director of the Division of

²⁹ See 82 FR 34388, July 25, 2017.



²⁸ See 12 CFR 1223.

Bank Regulation, Deputy Director of the Division of Housing Mission and Goals, and other FHFA staff serve as advisors to the Task Force.

E. Operations

The responsibilities of OMWI's Operations branch include, but are not limited to, the following activities:

- Establish and manage internal OMWI operations and managerial systems;
- Manage the development, implementation, and measurement of OMWI systems, processes and protocols;
- Manage OMWI's strategic communications functions and services;
- Manage internal and external regulated entity relationships (FHLB System, Enterprises, and CSS); and
- Manage internal controls and reporting requirement processes.

In 2018, OMWI launched its Data Management System Review to organize its operational environment and provide processes applicable to the diversity and inclusion program initiatives and the regulated entities. Through the use of data analytics, the data management framework supports standardization and automation across all of OMWI's branches. It also boosts efficiency and prevents errors resulting from manual manipulations.

To facilitate OMWI's reporting requirements, the data management system creates, reconfigures, and develops the following:

- Standard queries to produce tables similar to those included in past reports, which drastically reduces the need for manual calculations and enables faster turnaround;
- Queries that result in data output in the exact format based on EEOC system specifications for requested files; and
- Reference queries to more effectively accommodate and respond to *ad hoc* data requests.

The following OMWI *Business Intelligence Tools* are being utilized to measure and increase effectiveness in accomplishing diversity and inclusion initiatives:

- <u>Tracker</u>: A central repository to capture projects or activities across all branches within OMWI;
- Executive Dashboard: Allows management to stay updated on all projects in real time, with an overview of current status by team and projects;
- <u>Monthly Summary</u>: A shareable roll-up that provides a one-month look-back on project status and progression; and
- <u>Supplier Diversity Dashboard</u>: Captures related data across the Agency to minimize manual calculation needed for quarterly and annual reporting.



F. Conclusion

Over the course of its existence, OMWI has learned that progress towards greater diversity in its workforce occurs incrementally, and increased inclusiveness within its workplace is achieved over time, with both requiring an "all-hands on deck" approach. OMWI made significant efforts and achievements in 2018, and there is much more to be done in order to execute the full spectrum of the OMWI mission, responsibilities, and goals.

Looking toward the future, OMWI will continue its efforts to achieve sustainability by further development of an accountability structure and other processes to institutionalize a diverse and inclusive environment. OMWI also plans to upgrade its supplier diversity model, monitor the effectiveness of its GFEP review, and streamline the process for vendors to submit responses to requests to fulfill the GFEP requirement. In adhering to the mapping guidelines of the OMWI strategic plan, systems and processes for regular monitoring, evaluation, and the reporting of relevant data to guide our action plans have been established. OMWI's efforts also align with the Agency's approach to decision-making, which is primarily data-driven.



Appendix A

OMWI 2018 MINORITY AND WOMEN OUTREACH ACTIVITIES

National Association of Minority Bankers – FOR HER event which supports the MBA mPower initiative.

Atlanta, Georgia – April 2018

Atlantic Fair Housing Act Anniversary – event bringing together housing professionals to discuss impacts of the law and housing challenges/solutions.

Washington, D.C. – April 2018

FHLBanks Board Diversity Task Force Dinner – an evening with Task Force members as they updated the membership on the progress of Task Force initiatives.

Washington, D.C. – April 2018

Five Star Government Forum – event which showcases business and government contracting opportunities in outreach to the U.S. Hispanic population.

Washington, D.C. – April 2018

The Role & Impact of the Chief Diversity Officer – OMWI Director joined the Corporate Law and Corporate Governance Initiative and the Business and Finance Law Program at George Washington University Law School for a full-day conference exploring the growth, development, and impact of the Chief Diversity Officer (CDO) in corporate America.

Washington, D.C. – April 2018

National Talent Leader Exchange, The World Bank – OMWI Director and staff joined an exchange about topics centered on the influence of neuroscience on Diversity Inclusion, Performance, and Culture & Leadership and to share their insights and discuss their successes/challenges.

Washington, D.C. – May 2018

FinServ Expo – OMWI Director was a Diversity panelist speaker.

Irving. Texas – July 2018

NAWRB Conference – OMWI Director spoke on the topic of women in the housing industry, as both professionals (who contribute to designing and developing the nation's housing stock), and consumers (primarily as heads of households).

Chicago, Illinois – July 2018



Appendix B

OMWI 2018 SUPPLIER DIVERSITY OUTREACH

Native American Small Business, Reservation Economic Summit – largest and longest running national American Indian procurement expo business event for established and aspiring Native American business owners.

Las Vegas, Nevada – March 2018

US Women's Chamber of Commerce National Small Business Contracting Summit – small business owners' event with emphasis on networking and topics on cybersecurity, branding, marketing, and business growth strategies.

Washington, D.C. – March 2018

28th Annual Government Procurement Conference – a national conference that fosters business partnerships among the federal government, its prime contractors, and small, minority-owned, service-disabled veteran-owned, HUBZone, and women-owned businesses. *Washington, D.C. – April 2018*

Women's Business Enterprise National Council National Conference & Business Fair – the largest conference of its kind for women business owners in the U.S. that features matchmaker sessions and networking opportunities.

Detroit, Michigan – June 2018

League of United Latin American Citizens National Convention & Expo – event which showcases business and government contracting opportunities in outreach to the U.S. Hispanic population.

Phoenix, Arizona – July 2018

OMWI Joint Technical Assistance Event – partnering with other agency OMWIs for contracting activities outreach.

San Antonio, Texas – August 2018

National Minority Supplier Development Council Annual Conference — meeting of corporate CEOs, procurement executives and supplier diversity professionals from top multinational companies, as well as leading Asian, Black, Hispanic and Native American business owners and international organizations.

Austin, Texas – October 2018



Appendix C

EEO/OMWI 2018 SPECIAL EMPHASIS PROGRAM

January - Martin Luther King, Jr. Day (January 11), Lunch and Learn: "Remembrance of Martin" featuring Coretta Scott King's insights and account of Martin Luther King, Jr.'s life.

February - African American History Month (February 7), Program Theme: "African Americans in Times of War." Dr. Frank Smith, Director of the African American Civil War Museum, spoke about the recruitment, experience, and impact African Americans made while serving in the Civil War, utilizing historical interpreters dressed as Civil War soldiers.

March - Women's History Month (March 13), Program Theme: "Honoring Women Who Fight All Forms of Discrimination against Women" presentation by Marty Langelan.

April - Holocaust Remembrance Day (April 19), Lunch and Learn: "Never Again," documentary.

May - Asian Americans and Pacific Islanders Month (May 19), Program Theme: "Unite Our Vision by Working Together" presentation by Seung Lee, Senior Director, Save the Children USA.

June - Lesbian, Gay, Bisexual, and Transgender Month (June 27), Program: Jim Obergefell, presented the history and his experiences as a plaintiff leading to the landmark U.S. Supreme Court civil rights case on marriage equality.

August - Women's Equality Day (August 26), honored by an announcement on television monitors throughout the Agency.

September 15 through October 15 - National Hispanic Heritage Month (September 19), Program Theme: "Hispanics: One Endless Voice to Enhance Our Traditions" presentation by Consuelo Castillo Kickbusch.

October - Disability Month, honored by an announcement on television monitors throughout the Agency.

November - Native American Heritage Month (November 6), Program Theme: "The Story of the Piscataway Indians and Performance and Teaching of the Culture Dance" presented by Natalie Standing On The Rock Proctor.

November - Veterans Day (November 15), Lunch and Learn: "Debt of Honor," documentary of sacrifices of military service.





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